

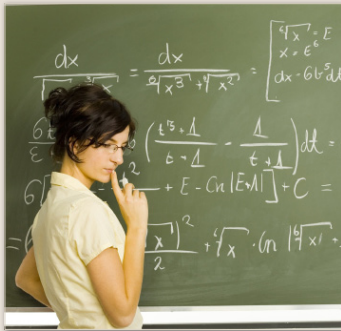
How Much Do Public Schools Spend on Teaching?

Brief Analysis No. 745

by Michael Barba

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Public education now costs federal, state and local governments upward of \$500 billion annually. This total is up from \$354 billion 15 years ago and currently represents the largest state and local government expenditure. While spending increased nearly 50 percent, enrollment increased by just over 10 percent, reading and science scores held steady and on-time graduation hovered at 70 percent.



School districts claim that funding cuts would require them to close schools and drastically increase class sizes, but states have little choice: K-12 schools take an average of 36 percent of general funds annually. Detroit, for example, proposed eliminating a \$327 million deficit by closing half its schools and doubling average class sizes to 62 students. However, school district budgets can be cut without touching classroom spending.

Money in the Classroom? School districts very often define spending categories in unexpected ways, making it difficult to distinguish classroom spending from operational costs. While schools annually spend an average of about \$10,000 per student, the National Center for Education Statistics (NCES) reports that only 60 percent of these expenditures are instructional. Instructional spending includes teacher and staff salaries, extracurricular activities such as sports or clubs, and classroom supplies. However, instructional expenses are often unrelated to the classroom. In Texas, for example, vehicle, equipment and computer maintenance, as well as food service, property insurance and refreshments for meetings are considered instructional expenditures.

Even if instructional expenses were clearly defined, lengthy regulations make it nearly impossible to determine how much money actually ends up in the classroom. For example, California mandates an instructional spending level of 85 percent of the total, but exceptions in the education code allow certain funds to be diverted to nearly any program administrators see fit. Such ineffective mandates make it impossible for teachers, parents and legislators to understand what share of tax dollars reach the classroom.

Defining Total Spending. While the NCES reports that instruction is 60 percent of expenditures in the [100 largest districts](#), a closer analysis reveals that the instructional category only takes an average of 51 percent. The discrepancy arises because the percent of instructional spending is calculated after excluding capital expenditures — including land purchases, construction projects and long-term debt payments — and other spending, such as for leased equipment and adult education. Excluding these expenditures allows districts to report spending a higher percentage on instruction.

Including all dollars spent reduces instruction's share and gives a clearer picture of the total bill. The figure compares instruction's reported percentage to its percentage of total spending in a few large school districts. For instance, during the 2008-2009 school year:

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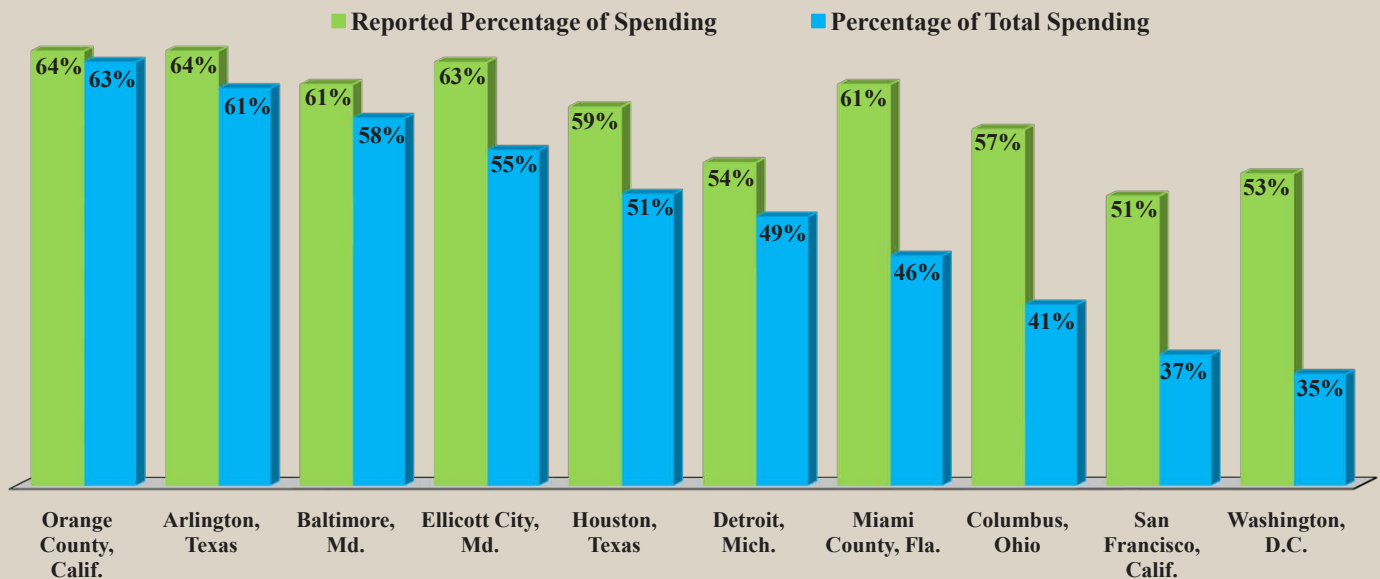
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Instruction as a Percentage of Reported and Total Spending In a Sample of Large School Districts (2007-2008 School Year)



Note: Reported percent excludes: Total Capital Outlay, Total Non El-Sec Education & Other, Interest on Debt. Author's percent of total includes all spending.
Source: National Center for Education Statistics' Core of Common Data, "Search for Public School Districts." Available at <http://nces.ed.gov/ccd/districtsearch/>

- The Philadelphia, Pa., schools reported that instruction was 54 percent of its expenditures, but including capital costs and other expenses, only 31 percent of its spending was instructional.
- Similarly, Washington, D.C., public schools reported spending 53 percent on instruction, when it took only 35 percent of total expenditures.
- By contrast, Arlington, Texas, devoted 61 percent of its total expenditures to instruction, very near its reported 64 percent.

Note that these school districts are not growing particularly rapidly, and therefore should not incur especially large capital expenditures.

School officials contend that capital outlays should be excluded from consideration because they fluctuate rapidly each year. However, excluding certain expenditures before reporting the percentage spent on instruction makes it impos-

sible for citizens and politicians to determine how much is spent on K-12 education per year.

For example, Los Angeles schools report that instructional spending is 59 percent of their total expenditures. This ignores large capital expenditures, such as the Robert F. Kennedy Community School in Los Angeles, a \$578 million K-12 complex that educates just over 4,000 children. The school opened in September 2010, a year after Los Angeles's \$232 million Visual and Performing Arts High School and two years after their \$377 million Edward R. Roybal Learning Center. NCES budget data for Los Angeles shows a total of \$2.3 billion in spending was excluded before calculating instruction's share of expenditures. Including these capital costs reduces the share of total spending for instruction to 45 percent.

School Accountability Requires Transparency. Confusion surround-

ing K-12 spending is caused by not limiting the expenses classified as instructional to the classroom and not considering all spending when calculating instruction's share. Determining how many dollars end up in classrooms would allow parents, teachers and legislators to hold administrators accountable, but this cannot be done until classroom spending is distinguished from all other spending. Districts could then measure what percent of expenditures are devoted to the classroom in proportion to every dollar spent, regardless of its budget category.

Instead of cutting dollars spent in the classroom, state legislators should require clear accounting for how education tax dollars are spent, cap noninstructional expenditures as a percentage of spending and limit the growth of spending outside the classroom.

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